



Pointmaker

A CONVERGENCE OF INTERESTS

ALL THE BRICKS ARE IN PLACE FOR A SURGE IN NEW HOUSEBUILDING...
AND WHAT NEEDS TO BE DONE NEXT

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SUMMARY

- Britain needs to build more houses. Last year, only 136,000 homes were completed in England. But 250,000 new homes a year are required if the Government is to meet its target of 1 million new homes by 2020.
- Fortunately, all the pre-conditions are in place to allow such a rapid increase in house building:
 - 'Nimbyism' appears to be in fast decline as more and more people realise the need for more housing.
 - Institutional capital is increasingly interested in investing in housing developments.
 - Many local authorities are considering ambitious new developments; and those which are not, will be encouraged to do so through the Government's requirement to identify an annual figure for new homes in their Local Plans.
- It should be accepted that some areas currently classified as greenbelt will need to be re-designated. If this is handled with sensitivity for local concerns, this should not be a problem – not least as the amount of land designated as greenbelt has more than doubled since 1979, and as much greenbelt land is hardly 'green'.
- This opportunity to increase housebuilding rapidly can best be exploited through the development of Pink Zones. These are designed to bring together, through a Special Purpose Vehicle (SPV), all the local interests necessary to found stable and attractive communities. Pink Zones have already been successfully implemented in a number of cities in the US.
- Once designated, Pink Zones would benefit from a simplified planning and consent regime. This could include the ability to use Compulsory Purchase Orders where necessary and to offer direct compensation for those affected by any proposed development.
- The DCLG should therefore introduce legislation to recognise the special status to be accorded to SPVs. A combination of market forces and local interests, with a degree of encouragement by central government, could then release the capacity and incentive for a dramatic increase in new housebuilding.



1. INTRODUCTION

There is a growing cross party consensus that Britain needs to build again. However, to date little has been delivered. In 2014-15, a mere 136,000 homes were completed in England.¹

A step change is required to deliver the Government's target of one million new homes by 2020. The Pink Planning model – an innovative strategy for tackling Britain's housing shortfall – provides a mechanism to do this.

Pink Planning, first detailed in a 2014 report,² focuses on creating new communities and neighbourhoods in those parts of the country where supply has failed to meet soaring demand for housing, supported by appropriate physical and social amenities. Encouragingly, many relevant parties have expressed great appetite for the proposals – from councils to investors, from residents to constructors.³

A paradigm shift in attitudes is emerging, revealed in the British Social Attitudes survey and other market research: popular support for the building of new homes appears to be growing. An important cause of this radical swing in opinion appears to be the growing number of adults concerned that home ownership is becoming unaffordable. Not only are more people renting, but an unprecedented number of adults are still living in their childhood bedrooms. Some parents despair their offspring will ever find a home of

their own, and both parents and grandparents find it difficult to downsize to purpose built accommodation due to a lack of supply.

It comes as no surprise, then, that politicians from all parties are being questioned about their proposals to build more homes to rent or buy. Housing – or rather the lack of it – dominated this year's London mayoral election campaign. The shortage of suitable housing is also a key political issue in local elections being held across the country.

In response, the Government has introduced a Housing & Planning Bill which seeks to grant automatic permission to housing schemes on sites already allocated for such use in local plans, neighbourhood plans and new brownfield registers, although they will need to comply with a range of criteria set out in a development order. This Bill also proposes amending the 2008 Planning Act to allow applications considered under the Nationally Significant Infrastructure Projects regime to contain an element of housing. However, it is important to stress that neither of these initiatives is likely to trigger a substantial increase in new housing and certainly not enough to meet spiralling demand.

Think tanks and academic institutions have made valuable contributions to the current debate on housing by advocating Garden Villages,⁴ the reform of housing associations,⁵ the

¹ Housebuilding: permanent dwellings completed by tenure and country, Table 209, [www.gov.uk](http://www.gov.uk/live-tables-on-house-building), live-tables-on-house-building.

² *Pink Planning* was published by the Centre for Policy Studies on 7 November 2014.

³ These have included landowners, financiers, developers, housebuilders, construction companies, local authority planning officers, city chief executives, planning consultants, academics, architects, lawyers, surveyors and representatives from leading charity and civil society organisations. In conducting this

exercise, careful consideration has been given to interests across the country – from the North of England to the South.

⁴ See [Garden Villages: Empowering localism to solve the housing crisis](#) by Lord (Matthew) Taylor, edited by [Chris Walker](#), Policy Exchange, February 2015.

⁵ See [Freeing Housing Associations: Better financing, more homes](#) by [Chris Walker](#), Policy Exchange, November 2014.



culling of the greenbelt⁶ and by pointing out that more land in Surrey is devoted to golf courses than to housing.⁷ Yet Britain remains woefully short of affordable housing. As one report recently observed, “In Belgium, Luxembourg, Germany and the Netherlands – all densely populated countries – the supply of housing (measured as total residential floor space) per household is between one fifth and one third above British levels. In France and Austria, housing supply is around 40% higher than in Britain. So of course housing is more affordable in these countries – they have a lot more of it”.⁸

1.1 The high cost of planning

The problem is aggravated by the fact that a significant number of smaller builders have left the industry over the last decade, frustrated at the inability to buy building land, recruit skilled craftsmen and deterred by banks’ strict lending policies. In practice, it is likely to cost at least £100,000 to submit a development plan to a local authority for a relatively modest housing development. Given the risks of failing to win planning permission, few firms can afford such an upfront investment, particularly taking into account the cost of land.

1.2 The greenbelt

The greenbelt has shackled the supply of new housing. Greenbelt was a planning mechanism originally developed to match the focus on building new towns, so that open country would separate urban areas. Yet it is striking to discover that whereas no new towns have been

designated since 1979, the size of the greenbelt, some of it not necessarily so green, has more than doubled in the last quarter century, thereby further restricting the supply of land to build on. This is unsustainable.

In follow up discussions and workshops conducted by the authors, there was a noticeable and increasing realisation among local authorities that greenbelt boundaries need to be reviewed and adjusted in order to provide new homes. This Pointmaker gives examples of where this review is being undertaken and the reasons for it.

Local authorities have tended to resist large new settlements since they generate a host of new demands on scarce local resources, notably planning teams. However, in the last year central government has awarded greater powers and a larger share of resources to cities such as Manchester and Sheffield. This Northern Powerhouse initiative is revitalising local government in these areas and encouraging them to consider more ambitious schemes. It is significant, for example, that the Combined Greater Manchester Authority is currently reviewing its housing requirements as well as its greenbelt boundaries – the first such review in 30 years – as part of its Spatial Framework.⁹

1.3 Investment interest is building

Institutional capital – what might be described as patient capital – is increasingly interested in investing in housing developments and supportive infrastructure. These long-term

⁶ See *The Green Noose: an analysis of Green Belts and proposals for reform* by Tom Papworth, Adam Smith Institute, 2015.

⁷ It is estimated that 2.65% of land in Surrey is devoted to golf courses, partly because housing is not allowed to compete. In effect, golfers receive a handsome subsidy. See: <http://cep.lse.ac.uk/pubs/download/cp421.pdf>

⁸ See *We don't need 'social housing'. We need housing* by Kristian Niemietz, <http://www.ibtimes.co.uk/we-dont-need-social-housing-we-need-housing-> 1 February 2016.

⁹ Greater Manchester growth 'may require green belt releases' *Planning Resource*, 11 November 2015, <http://www.planningresource.co.uk/article/1372276/greater-manchester-growth-may-require-green-belt-releases>.



assets, including private rental properties, match their long-term liabilities. Groups such as Legal & General and Hermes, BT's pension fund, have been at the forefront of this initiative.¹⁰ Institutional capital is keen to find fresh investment opportunities: the Pink Planning model could provide them with one such channel.

2. THE OPPORTUNITY

The Government has made it clear – in the current Housing & Planning Bill before Parliament – that Local Plans will have to be agreed by each local authority in England by the end of this year. If they fail to do so, the Prime Minister has warned that “we’ll work with local people to produce a plan for them”. Local Plans are crucial as they identify an annual figure for how many new homes the council plan to authorise within its boundaries – typically over a period of up to 15 years. These Plans are reviewed regularly – usually every five years – thereby offering local people an opportunity to have their say in where new developments may be located. Yet, Local Plans have proved notoriously difficult to agree. When the Government announced its Housing Bill proposals in October 2015, only 65% of local authorities had adopted a Local Plan, while nearly 20% of councils had drafted no Local Plan at all.

Establishing how many new homes should be built under the Local Plan will serve as a catalyst for the creation of new communities. However, the mechanism for delivering these new dwellings has yet to be fully developed. This is a challenge but also an opportunity.

The Pink Planning model provides the means to deliver ambitious new communities of more than 500 individual homes. But to meet housing demand we need to be more ambitious and build new communities of up to 25,000 homes – and many of them. This is where the Pink Planning model is particularly relevant.

3. TRIMMING THE GREENBELT

Some of these new communities are likely to be built in areas currently categorised as greenbelt. This will prove controversial. In East Surrey, for example, 77.8% of the area is classified as greenbelt. However, if the local authority is to comply with its responsibility to agree a Local Plan which meets housing demand, it follows that some parts of the greenbelt are likely to be re-designated for the creation of new homes.¹¹

Greenbelt is probably the most cherished element within the post-war planning model that was established following the Town & Country Planning Act 1947 and first implemented by a Conservative Government in 1955. Yet it must be emphasised that greenbelt is a planning measure, not an environmental one. Greenbelt is not necessarily particularly green: a fair percentage is amber at best.

A lot of greenbelt has been created over the years – far more than originally contemplated. Indeed, it has more than doubled since 1979, when the total greenbelt covered 721,500 hectares. The current area designated as greenbelt is 1,636,620 hectares, around 13% of the country and an increase of 117% on the 1979 total.

¹⁰ Legal & General are major investors in Salford Media City while Hermes is one of the main backers of the Argent LLP redevelopment and transformation of the King's Cross area in London. Nigel Wilson, CEO of Legal & General PLC, reckons “housing is the archetypal UK asset problem. We build 120,000 homes a year, but

need twice the number “. Source: ‘We need to invest in assets for the long term, not shareholder gains’, by Nigel Wilson, *Daily Telegraph*, 4 January 2016.

¹¹ Note that, in practice, it is the Local Authority which has the responsibility for designating the greenbelt.



3.1 Boundary adjustment

Local Plans must identify how much housing supply will be authorised over the next five years to meet identified demand. In some areas, such as East Surrey where much of the land is categorised as greenbelt, this will inevitably mean some adjustment to the boundaries of what is deemed greenbelt and what isn't.

It is with this reality in mind that more and more local authorities are already reviewing the present greenbelt boundaries. In Cheshire East, for example, the Council has proposed swapping part of the existing greenbelt to build new settlements while designating new greenbelt nearby to compensate for this loss. In February 2016, the Council published its revised draft Local Plan, which increased the housing requirement up to 2030 by around a third, from 27,000 to 36,000 homes, some of which will need to be built on greenbelt land.¹² A number of other local authorities are also reviewing the greenbelt: Coventry City Council is currently consulting on a draft local plan containing proposals to remove 600 hectares of land from the greenbelt to provide approximately 6,600 new homes and around 41.5 hectares of employment land. In the Home Counties, both Basildon and St Albans are looking to release greenbelt land for sympathetic development.¹³ Significantly, a DCLG Consultation Paper issued in December 2015 suggests that some parts of the greenbelt are built on to provide starter homes.

A much needed redefinition of the greenbelt appears to be taking place. Greater

Manchester's Combined Authority (GMCA) is currently conducting the first such review in 30 years. In practice, greenbelt is being reassessed with a view to development. In 2009/10 a mere 2,260 new homes were approved to be built on greenbelt land whereas in 2014/15 this figure rose to 11,977 homes.¹⁴

3.2 Land release

Brownfield sites will not meet the demand for new housing because the land is too expensive to develop. Furthermore, brownfield sites in urban areas are ill-suited to meet demand for larger family houses; in order to be viable developers tend to build higher density apartment schemes, as in the case of central Manchester. This is a message strongly underlined in meetings held by the authors with stakeholders, including local authorities. While it must be remembered that 75% of all new homes are already built on brownfield sites,¹⁵ the real opportunity is to build attractive developments in areas, including land currently designated greenbelt, where people want to live and employers want to expand. This is crucial if the economy is going to create wealth, provide jobs, train the young and improve supply chains.

Land needs to be released for this to be achieved – particularly land owned by the public sector. In this context it is disappointing to see the poor record revealed by a National Audit Office (NAO) inquiry into the number of new homes built on public land sold over the five year period 2011-15. Only 200 such homes

¹² Source: 'Cheshire East seeks member approval for revised plan', Planning Resource, 10 February 2016, <http://www.planningresource.co.uk/article/1382964/cheshire-east-seeks-member-approval-revised-plan>.

¹³ Council proposes green belt land swap" Planning, 11 January 2013.

¹⁴ Source: Glenigan, a construction industry intelligence and service provider (<https://www.glenigan.com/construction-market-analysis/news/green-belt-under-development>).

¹⁵ Source: British Homes Federation.



were built, although the NAO noted that as many as 109,500 could have been built on this land.¹⁶ In the capital alone at least 130,000 homes could be built on surplus land owned by the public sector, according to research carried out by the London Land Commission, a new statutory body established last year.

There is now an opportunity to create more ambitious communities that will make a real contribution to meeting Britain's urgent need for more housing. By employing the toolkit provided by the Pink Planning model, significant new communities can be built by a coalition of interests drawn from landowners, developers, builders, employers, local authorities, local community groups and civil society. This is a consensual model, adopting a special purpose vehicle, which brings together a spectrum of interests to create new communities.

4. WHO WILL FUND PINK ZONES?

As outlined in earlier reports,¹⁷ there is a growing interest from institutional capital – what might be referred to as patient capital – to fund housing schemes and mixed use developments with appropriate infrastructure support. Hermes, the primary manager of the BT Pension Scheme and one of the biggest UK institutional asset managers with £21 billion assets under management, has already publicly stated its commitment to the idea of building more new communities,¹⁸ while Legal & General PLC, Britain's largest institutional

shareholder, has done likewise. Other groups with the expertise and long-term capital strategy to fund such developments include M&G (formerly the Pru); Aviva (formerly Norwich Union); and the privately held Grosvenor Estate, which manages total assets of more than £11.4 billion. They could co-operate with large landowners such as The Crown Estate, Peel Holdings and the Church Commissioners to develop attractive new communities. In this context, the Duchy of Cornwall has taken a lead with its development of Poundbury, effectively an urban extension to the adjoining town of Dorchester, which is now home to over 2,500 residents.

5. WHAT NEEDS TO BE DONE?

The name “Pink Planning” derives from a deregulatory initiative, which was originally promoted in Detroit, Michigan, a city that has suffered more than most in terms of urban decay but whose central core is now reviving.¹⁹ Pink Zones have now been implemented in cities such as Phoenix, Arizona, which lighten red tape and create more place-based standards that incentivise the preservation of existing buildings through what is termed a ‘retrofit’, illustrated by the street retrofit design for a mile long section of the city's Grand Avenue.²⁰

Pink Planning hinges on the dilution of red tape, leaving a “pink” combination delivering sufficient regulation to protect the public interest while also

¹⁶ Source: reported in *The Financial Times*, 26 January 2016. The Homes and Communities Agency reckon that 600 acres of surplus public sector land nationally could support more than 5,000 homes as well as land for industry and business.

¹⁷ *A Suggestion for the Housing and Planning Minister* (CPS, 2015), *Pink Planning* (CPS, 2014).

¹⁸ See letter of commitment from Chris Taylor, CEO of Hermes Real Estate Investment Management (HREIM), reproduced in appendix 11, New Garden

Cities short listed submission, Wolfson Prize 2014, Peter Freeman et al.

¹⁹ See ‘The Pink Zone: Why Detroit is the New Brooklyn,’ by Andres Duany, 30 January, 2014, *FORTUNE Magazine*.

²⁰ Lessons from PHX: Embracing Lean Urbanism, 18 August 2015 – <http://leanurbanism.org/publications/>.

Pilot Pink Zones are being taken forward in a number of US cities including Savannah, Georgia and St Paul, Minnesota.



offering sufficient flexibility to support commercial creativity. As the name implies, delivery of the Pink Planning model will therefore require deregulatory legislation. But there is nothing unprecedented in what is proposed: all the integral components of the model are already found in legislation or the common law: the principal novelty of the proposals lies in employing key features of a number of regimes to deliver an efficient and effective legal mechanism for establishing strong and sustainable new neighbourhoods.

The aim of the process is both to achieve pre-application consensus, and to act for the benefit of all present and future residents of an area.

5.1 Special Purpose Vehicle

In the Pink Planning model a Special Purpose Vehicle (SPV) is used to bring together all the interests necessary to found stable and attractive communities.

Historically, new communities and neighbourhoods have been developed by a managing entity, whether it was a landed estate

such as Grosvenor, a Garden City as in the case of Letchworth, or a New Town development corporation. The key to the success of a Pink Zone is the creation of an entity – the SPV – which mobilises a consensus via ownership of the development. SPVs are legal entities set up for a particular purpose. They offer a routine model that delivers new housing communities with appropriate facilities and amenities. In this sense it is a pro forma mechanism which means that one does not have to reinvent a model to ensure houses get built. This is its unique selling point and this is why Pink Planning offers an attractive vehicle to deliver much needed housing.

The initiative could come from developers and finance institutions, from local and central government, or from any combination of the represented interests (see diagram below). The SPV ensures that they are all equally represented, and that they all have a stake in initiating, delivering and maintaining the new community, with its housing, infrastructure and employment opportunities. The SPV does not

Figure 1: The Basic Model





require legislation to be established – it could take a number of existing forms including a trust or a company limited by guarantee – but it will need legislation to recognise it and grant it special status (as has been done, for example, in the case of Community Land Trusts).

In practice, SPVs often take the form of a limited company, which enables the SPV's operations to be confined solely to the activities set out in its constitution. Accordingly, they remain tightly focused on the final execution of the project, thereby improving delivery. Once a SPV's proposals have been outlined, legislation will be required to provide a streamlined planning process and a single consenting regime.

This will meet developers' and financial institutions' need for predictability of timing, as well as providing investor confidence in the eventual outcome together with relatively speedy progress towards completion. At the same time, this approach will protect and listen to all relevant civil society and other interests.

The legislation would be modelled on the Nationally Significant Infrastructure Project's use of Development Consent Orders under the Planning Act 2008, which are becoming a tried and tested method of delivering large planning projects effectively and efficiently. For this stage of the procedure the key features are the concentration of the planning and other consenting regimes into a single process of consultation, investigation and adjudication, focused around a planning inquiry.

The SPV acts as a mechanism to drive consensus amongst these parties in order to deliver neighbourhood housing projects. There are likely to be a number of objectives to be

achieved ranging from attractive housing to good infrastructure and utilities along with community services, green spaces and amenities. To deliver these goals all parties need to agree.

The design and aesthetic qualities of any housing constructed can be detailed in a design code that is agreed by all the relevant stakeholders along with the quality and standard of amenities and support infrastructure. In turn, these can be monitored and upheld through covenants written into the SPV's development plan. Covenants, contracts and side agreements are all negotiated by the SPV. The SPV can remain a part of the proposals for as long as required. For example, if the new neighbourhood has shared community facilities, the SPV could remain in existence permanently in order to manage the facilities on behalf of the entire community.²¹ Similarly, existing legal mechanisms including covenants can be used to enact permanent controls on how the area is used and developed, to maintain quality of life for all inhabitants.

5.2 Compulsory Purchase Orders

As with Development Consent Orders, the streamlined planning and consenting process will include the ability to acquire land compulsorily where necessary as well as to modify the application of legislation or disapply ancient local legislation to meet the overall requirements of the project while preserving necessary protections.

In the case of any proposal to develop a new Garden City of around 10,000 homes, which is likely to require 1,500 acres of land for housing, associated amenities and employment hubs, there may well be a need to back up the ability

²¹ This is something envisaged for the proposed Garden City developments suggested by Wei Yang & Partners

and Peter Freeman et al in their short listed entry for the Wolfson Economic Prize 2014.



to acquire land with Compulsory Purchase Orders (CPOs). In most parts of the country, where demand for housing is high, land ownership tends to be fragmented unless it is all part of one landed estate owned by entities such as The Crown Estate or Grosvenor. To build a new Garden City may well require at least 20 but more likely 100 or more landholdings to be assembled. This may be possible through voluntary negotiation, so long as a reasonable premium is negotiated, but it is more probable that CPO may be required as a back-up for the SPV to deliver on its vision.²²

6. DIRECT COMPENSATION

One possible novelty that could be built into the Pink Planning system is the possibility of direct compensation for those affected by the plans. Direct compensation may prove to be highly relevant in certain situations; indeed, it may represent a crucial catalyst. In contrast to the experience found in continental countries, such as France and the Netherlands, Britain has never explicitly provided for the direct payment of compensation to individuals or households affected by new development. This helps explain why people are so often resistant to many new schemes since they see themselves as net losers. In planning jargon their 'amenity' is damaged with no compensatory benefits.

In the case of the Netherlands, a nationally agreed compensation scheme recompenses residents affected by development. This compensation is nearly always achieved through

public-private partnerships with the local authority being an active party. Significantly, such developments are undertaken by a single legal entity which shares the profits from development. Compensation sums are determined by independent assessors and the compensation in practice is paid by developers who reimburse local authorities for these costs. However, local residents often receive as much as ten years' notice with respect to developments, so compensation is also determined by a foreseeability test –taking into account how far residents were able to anticipate the potential impact on their own property value.²³

Recent market research surveys carried out in the UK suggest that some local residents who oppose new house construction would become more supportive if they were compensated in cash if a development went ahead. The British Social Attitudes survey in 2014²⁴ recorded that 18% of those who did not support new homes in their local area or were indifferent would become more supportive if they received a cash payment. Much would hinge on the level of payment, but it remains an option which is rarely tried in Britain.

Compensation could also be paid to mitigate any damage to wildlife. A precedent has been established with a pilot scheme in Woking, Surrey, where developers have funded survey research and the creation of new habitat for the endangered Great Crested Newt, which is

²² How this might work in practice is detailed in Appendix 6 of the Wolfson Economic Prize short listed entry by Peter Freeman et al. Richard Asher, the Head of Compulsory Purchase Orders at Savills, the surveyors, and Robin Purchas QC, a planning specialist, employing the existing CPO powers contained within the New Towns Act 1981.

²¹ For further details on how the Dutch and French compensation schemes work in practice see

'Compensating for Development: How to unblock Britain's town and country planning system' by Marcus Corry, Graham Mather & Dorothy Smith, The Infrastructure Forum, August 2012, pages 13-20.

²⁴ 'Public Attitudes to House Building: Findings from the British Social Attitudes Survey 2014', DCLG, March 2015, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/412347/British_Social_Attitudes_Survey_2014_report.pdf



protected under EU and UK law This streamlined process has sped up the construction of 400 houses while builders have channelled £6,000 into the creation of new ponds for the endangered amphibians. As Stephen Trotter, The Wildlife Trusts Director, England, observes, this pilot scheme offers a potentially win-win outcome.²⁵ In place of the present section 106 agreements, which are impossible to focus on those who are losing value or otherwise being inconvenienced, Pink Planning could include legislation allowing the consenting inquiry to award direct compensation in specified classes of case. In the authors' previous studies it has been noted that the proposed Development Plan would provide side-agreements to give effect to compensation agreements or awards, and other undertakings as necessary. It has been suggested²⁶ that guidelines might be framed for any direct compensation paid for loss of amenity and be approved by the Homes & Communities Agency (HCA)²⁷ on behalf of the Government to ensure householders are treated fairly across the country.

7. INVOLVING THE COMMUNITY

If new neighbourhoods and communities are to see the light of day, it is crucial to gain the support of the existing community, so far as it is possible to do so. Engagement should launch early; it should also be extensive, meaningful and collaborative. The whole point is to demonstrate a genuine commitment to partnership with the aim of building a consensual approach. Such approaches have been used successfully, as in the case of the revival of the Kings Cross area by

Argent LLP, and in a number of Neighbourhood Plans that have been approved in local referenda in the last few years. Neighbourhood planning was introduced under the Localism Act to give members of the community a more 'hands-on' role in the planning of their neighbourhoods. It enables communities to develop a shared vision for their neighbourhood as well as deliver sustainable development through planning policies relating to the development and use of land.²⁸

Examples of neighbourhood plans that have been discussed with an independent examiner appointed to help the exercise, and then endorsed by local residents through a referendum, include the Much Wenlock Neighbourhood Development Plan in Shropshire (May 2013); The Thame Neighbourhood Plan in South Oxfordshire (July 2013); and the Arundel Neighbourhood Plan, where over 90 per cent of those who voted were in favour of the Plan (June 2014).

7.1 Incentives for local residents

Opinion research commissioned by the promoters of the Wolfson Economics Prize 2014 explored what incentives would encourage respondents to be more in favour of a Garden City in their area. The results from this market research reveal – perhaps surprisingly – that lower cost energy was the most popular, followed by council tax discounts, and a guarantee to protect the value of their home and the promise of improved public services. A variety of approaches and activities can be used,

²⁵ See 'Pilot project aims to help Great Crested Newts and reduce construction delays', 24 August 2015, Woking Borough Council, http://www.woking.gov.uk/news/archive_item

²⁶ Ibid, page 62.

²⁷ The HCA is an executive non-departmental public body, reporting to the DCLG. It is government's

housing, land and regeneration agency, and the regulator of social housing providers across England.

²⁸ Local Planning Authorities are required to adopt a Neighbourhood Plan if more than half of those voting are in favour [(paragraph 38A (4) (a) of the Planning and Compulsory Purchase Act 2004 as amended].



but it will be up to the SPV to adopt the model that works best for their circumstances.

The *Enquiry By Design* initiative, pioneered by The Prince of Wales's Foundation for Building Community,²⁹ has demonstrated how involving the local community can shift previously adversarial attitudes to new development. It also shows how giving local people a say in a bottom-up approach contributes to support for appropriate development. As *The Financial Times* points out, this approach to development has been employed in more than 100 cases with local communities helping to create a vision for their local area.³⁰

In Ascot, Berkshire, for example, in the heart of the suburban commuter belt, the High Street is being rejuvenated by adopting the *Enquiry By Design* initiative. While it may be a surprise to many, this consultation process led to support for building on vacant greenbelt land to create new shops, homes and community facilities. The Prince's Foundation for Building Community ran workshops for local people, brought businesses and landowners into the discussion, and drew up a report on how to take development forward. Crucial to this initiative was the support of the local community who – following consultation – appreciated that, without this development move, their local town would deteriorate further, thereby draining the life out of the local community.

7.2 A decline in NIMBYism

There are increasing signs that peoples' attitudes towards new building are beginning to change noticeably. Toby Lloyd, the Policy Director for Shelter, pointed out in oral evidence to a parliamentary select committee last year³¹ that the annual British Social Attitudes Survey (BSAS) has

found that people's attitudes to building in their local area have changed markedly with far less nimbyism apparent. In particular, there is a dramatic decline in BANANA-ism – "build absolutely nothing anywhere near anybody". The shift in attitudes has been striking: whereas in 2010 the BSAS found that 46% of respondents said they would oppose any new homes being built in their local area, this opposition had fallen to 21% in 2014. Likewise, those supportive of the construction of new homes in their local area climbed from 28% in 2010 to 56% in 2014. Opposition even fell noticeably among those living in small cities and market towns – down from 34 to 22% as well as those living in suburbs (32 to 22%).

The BSAS found opposition to local house building was strongest among existing homeowners, and particularly those who were older (55 plus). This can be explained by the perception that any new building might have a damaging effect on their own house values. Yet the question of the impact on house prices is never directly addressed during the planning process as price impacts are not a material consideration in planning decisions.

7.3 Compensation

This is where compensation may prove important, although new building is not necessarily damaging to house values. Recent research led by Professor Christine Whitehead of the London School of Economics has shown that house prices do not always decline around new housing developments as many worry. Indeed, the LSE research found that within the immediate locality – a 0.3 mile radius of the new development – prices in some cases rose more quickly than in the wider area once the development was

²⁹ How to Spend it, *Building up hope*, October 2012.

³⁰ 'How The Prince's Foundation has given communities a say on design', Kate Allen, *Financial Times*, 28 June, 2014.

³¹ The Select Committee on National Policy for the Built Environment, Inquiry on the Built Environment, oral evidence session, 10 September 2015.



completed. This research, based on a number of development sites, concluded that “the developments generally had a positive impact on the immediate neighbourhood and blended into the wider local market. Objections generally fell away and in some cases objectors actually bought some of the new homes”.³²

These rapidly changing perceptions of the urgent requirement to build new homes need to be harnessed by local political leaders and transformed into the delivery of new housing. Pink Planning provides the vehicle for achieving this goal.

8. POTENTIAL NEW PINK ZONES

In the course of researching this latest Pointmaker, the authors have identified some potential sites for the first ‘pilot’ Pink Planning zones. A start has to be made somewhere, particularly as Pink Zones are launching from a backlog of non-development which has accumulated over several decades. As Professor Paul Cheshire of the London School of Economics wryly observes, “It has taken us 50 or 60 years to get into this mess, so it is going to take us a good 10 to 15 years to get out of it”.³³

It must also be appreciated that there is growing movement away from a conventional pattern of work which required people to commute from suburbs and dormitory towns every day to city centres in order to earn a living. Many more people are working from home for at least some of the week, a trend reinforced by the increased reliance on the internet which has literally shrunk distance. People can work in real time as easily with colleagues in Hong Kong or New York as they

can with those who are based in their local city. This is a paradigm change. The days when Britain’s economy was reliant on hundreds, if not thousands, of employees clocking into major factories or collieries has long since past. In contemporary Britain the largest employers are often local council offices, hospitals and other public service providers. Accordingly, housing and commercial office space developments themselves must face up to these changing work patterns and lifestyles, providing business hubs, flexible workshops and conference rooms to meet the specific demands of today’s entrepreneurs and SMEs.

8.1 Possible sites for new Pink Zones

Potential Pink Zones could be developed in a number of locations across England. In the North West, there is an opportunity to redevelop the former Shell oil refinery site at Carrington, on the South West side of Manchester, adjacent to Manchester United’s training ground. This is a well located site that could provide a mix of warehouse, office and residential accommodation on a large 1600 acre site, although some of the surrounding area would probably be required to make such an initiative fully viable. There are a number of other potential Pink Zones where up to 5,000 or more new homes could be developed on individual sites within the Greater Manchester area, where a new spatial plan is in the process of being refined. Such schemes are possible: as demonstrated in the Midlands, where Buccleuch Property is in a joint venture to develop an ambitious 5,500 unit urban extension on a 300 hectare site in East Kettering. This scheme focuses on amenities for residents including three new schools, a health centre, supermarket, shops, hotel and leisure facilities all

³² ‘New housing developments in the UK generally do not lower prices in surrounding areas’ by Professor Christine Whitehead and Emma Sagor, 11 August 2015. See <http://blogs.lse.ac.uk/politicsandpolicy/the-impact-of-new-housing-development-on-surrounding-areas/>

³³ Source: House of Lords Select Committee on Economic Affairs, Inquiry on The Economics of the UK Housing Market, Evidence Session No. 3, oral evidence given by Professor Paul Cheshire and Professor Danny Dorling, 15 December 2015.



set within a system of parks, open spaces and play areas. Buccleuch is also involved in developing the South East wedge of Edinburgh, Scotland's newest urban extension. In the South East, a Pink Zone could be developed at Stanborough Garden Village, where there are already plans to build an attractive new community on the edge of Hatfield.

There is immense scope for new urban extensions around Britain's major cities. There is potential to build between five and fifteen such Pink Zones, each providing between 500 to 3,500 new homes, bordering up to ten major conurbation in the country, thereby providing as many as 200,000 additional homes (assuming an average of 2,000 homes per urban extension adjacent to ten conurbations over ten years).

8.2 Garden Cities

On an even more ambitious scale, there is scope to develop a cluster of Garden Cities built along, among other places, an arc stretching from Southampton to Oxford to Cambridge and on to Felixstowe on the East Coast. This imaginative and detailed scheme was short listed for the Wolfson Prize submitted by Wei Yang & Partners and Peter Freeman in collaboration with Buro Happold Consulting Engineers, Shared Intelligence and Gardiner & Theobald. They envisage creating communities of up to 15,000 homes over a 20 year period with construction commencing in year four. Completions of private and social housing would peak at 1,200 homes a year – a figure that most local housing markets could comfortably absorb.

In Mid Sussex a new market town comprising up to 10,000 new homes with a wide range of community facilities is being promoted by Mayfield Market Towns Limited³⁴ in partnership with Affinity Sutton, the largest local provider of affordable

housing to meet a projected surge in housing demand. Over the next 20 years up to 54,000 new homes are likely to be required in the areas served by the three local authorities encompassing Horsham, Mid-Sussex and Crawley. Mayfield could fulfil a valuable role in meeting this shortfall in supply in a sustainable and attractive manner.

How many new homes could be built by adopting the Pink Planning model? Mirroring the approach set out by Peter Freeman's team in their short-listed Wolfson prize entry, 30 new towns could be built – with each new community providing 10,000 homes for 25,000 people (British households average 2.5 individuals) and 10,000 jobs. Accordingly, if 30 new towns were identified over the next decade, and planning consent for them was won, an additional 300,000 new homes for 750,000 people would be delivered in addition to the 200,000 new homes which could be provided through urban extensions. That is an average figure of 50,000 additional homes a year.

9. CONCLUSION: A CONVERGENCE OF INTERESTS

While the Government's attempts to simplify the planning system and to encourage more housebuilding are welcome, they do not go far enough. For it is clear that the number of houses being built needs to double if the Government is going to meet its target of a million new homes by 2020.

The current housing crisis is paradoxically creating an opportunity that the Government should seize rapidly. With Nimbyism in retreat, the public is ready to accept more housebuilding. Investors are ready and willing to finance new development. Local authorities across the country

³⁴ The directors include Peter Freeman, co-founder of Argent LLP, Lord (Matthew) Taylor, the former Chairman of the National Housing Federation, representing England's 1100 not-for-profit housing

associations and Lord Borwick, is Chairman and a major investor in Bicester's largest housing project.



are considering ambitious new schemes and are being rightly encouraged by central government to identify new housing opportunities. Developers – particularly smaller ones – are straining at the leash to build more homes.

The Pink Planning proposals outlined here create a mechanism whereby this convergence of interests can be exploited. By encouraging SPVs to emerge, Pink Planning, with its streamlined planning framework and a single consenting regime, can bring together all the relevant parties to create new developments that are finely tuned to the needs of individual communities.

All that needs to happen is for the Department for Communities and Local Government to introduce the legislation to recognise the special status to be accorded to SPVs. A combination of market forces and the protection of local interests, with a degree of encouragement by central government, should then allow a dramatic increase in new housebuilding.



PINK PLANNING ZONES

THE ROLE OF THE SPECIAL PURPOSE VEHICLE

Legislation aiming to facilitate local or regional development commonly establishes or recognises a class of body corporate as part of the mechanism: for example, new town corporations, housing action trusts or urban development corporations.

The Pink Planning Zone proposals wish to maintain maximum appropriate flexibility for different neighbourhoods or other areas to develop in their own way; so the proposals do not include the creation or statutory recognition of a single corporate structure to facilitate delivery. But the proposals do envisage that each Zone will require a Special Purpose Vehicle (SPV) of some kind, to facilitate the following aspects of the planning, building and operation of the Zone.

- The Pink Planning Proposals rest fundamentally on the notion of building consensus among as many affected interests as possible: including, in particular, local authorities, central government, property developers, finance institutions, potential local employers, utility and infrastructure providers, other industry and commerce, civil society and residents. The SPV will serve as a conduit to establish consensus, and to permit ownership and / or management of the project by the coalition of affected interests.
- As the project begins to move towards consenting and delivery, it will be important to have a central unit that is capable of representing the stakeholder interests in outward-facing discussions and negotiations, with regulators, the consenting mechanism, and with affected interests that cannot conveniently be brought within the coalition. The SPV will perform that role.
- One of the aims of the Pink Planning approach is to build not simply houses, but sustainable communities, with economic growth to support housing acquisition and maintained ownership, and with the facilities required to constitute areas where people want to live. The precise ingredients of these communities will vary to reflect individual circumstances and aspirations; but they may include shared community spaces, or usage restrictions protected by easements or covenants. The SPV will be available as a vehicle to own perpetual rights where necessary, and to enforce continuing rights and obligations.

The SPV might take one of a number of existing legal forms, including a registered company, a trust or an unincorporated association. Local needs will determine the most appropriate form, and there is not thought to be a need to invent another kind of legal mechanism.



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